

Message Text

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ORIGIN STR-04

INFO OCT-01 EUR-12 IO-10 ISO-00 GSA-01 DODE-00 AID-05

CEA-01 CIAE-00 COME-00 EB-07 EA-06 FRB-03 INR-07

NEA-10 NSAE-00 OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04

SIL-01 OMB-01 SS-15 NSC-05 L-03 PA-01 PRS-01 USIA-06

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DRAFTED BY STR:MPOMERANZ/DLF

APPROVED BY STR:AMB.CYEUTTER

STATE:WCLARK/NACHILLES

COMMERCE:KKUWABARA

TREASURY:MFELDMAN

LABOR:JKENYON

DOD:RBOOTON

GSA:PREAD

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R 171901Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

INFO USMISSION OECD PARIS

USDEL MTN GENEVA

USMISSION EC BRUSSELS

C O N F I D E N T I A L STATE 168630

E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: GOVERNMENT PROCUREMENT

REFERENCES: (A) STATE 151341 (B) LONDON 10301

1. WE APPRECIATE REPORT PROVIDED IN REFTEL (B) AND COM-
PLIMENT THE EMBASSY FOR THE RESPONSE TO WITCHELL REPORTED
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IN PARAGRAPH 4. FYI. IT IS OUR OPINION THAT THE BRITISH

HAVE BEEN ABLE TO MAINTAIN A HIGHLY RESTRICTIVE PROCUREMENT SYSTEM BY UTILIZING PROCEDURES AND PRACTICES WHICH INSURE THAT FOREIGN BIDDERS ARE UNAWARE OF OPPORTUNITIES; ARE GIVEN THE RUN-AROUND WHEN THEY LEARN OF OPPORTUNITIES; AND, IN THE RARE CASES WHEN THEY DO PARTICIPATE, ARE FRUSTRATED IN ADVANCING THEIR CAUSE OR OBTAINING RESPONSES FOR WHY THEY HAVE BEEN UNSUCCESSFUL. END FYI.

2. WE WOULD APPRECIATE KNOWING THE DEGREE TO WHICH MORE SENIOR POLITICAL LEVEL OFFICIALS HAVE FOCUSED ON BRITISH INPUT TO TCWP. IF WITCHELL'S ROLE IN PARIS MEETINGS HAS BEEN DIRECTED BY POLITICAL SUPERIORS WE CLEARLY HAVE MAJOR PROBLEMS WITH U.K. ON PROCUREMENT ISSUE. WITCHELL HAS BEEN IN FOREFRONT OF THOSE STRONGLY OPPOSED TO PUBLICATION OF AWARDS; STRIVING TO OBTAIN WIDEST POSSIBLE RECOURSE TO SINGLE TENDERING (CLEARLY FOR PURPOSES OF ALLOWING BRITISH TO ESCAPE APPLICATION OF CODE FOR INDUSTRIAL POLICY PURPOSES); REFUSING TO PROVIDE MEANINGFUL DATA THAT WOULD ILLUMINATE WHAT GOVERNMENTS ARE DOING IN PROCUREMENT SPHERE; AND, RESISTING ANY KIND OF DISPUTE SETTLEMENT MECHANISM WHICH WOULD ENSURE DUE PROCESS FOR BIDDERS.

3. DURING ROY DENMAN'S VISIT TO STR ON JULY 8, PASSING REFERENCE WAS MADE TO OUR REFTEL (A) INITIATIVE. THE FOLLOWING POINTS WERE MADE BRIEFLY TO HIM: (1) TREATY OF ROME REQUIRES LIBERALIZATION OF GOODS PROCUREMENT WITHIN EC; AND (2) WHY LIMIT OPENING OF U.K. PROCUREMENT TO JUST OTHER EC COUNTRIES WHEN WIDER INTERNATIONAL AGREEMENT WOULD OPEN MARKETS TO U.K. MANY TIMES LARGER THAN ALL OF COMMUNITY (U.S. ALONE HAS ANNUAL CIVILIAN GOODS PROCUREMENT OF APPROXIMATELY DOLLARS 8 BILLION) WITHOUT ANY GREATER THREAT TO U.K. PROCUREMENT THAN THAT PROVIDED BY FRG AND FRANCE.

4. EXPERIENCE SHOWS U.K. ONLY A RELUCTANT PARTICIPANT IN THIS EFFORT. CONSEQUENTLY WE HAVE NOT IN RECENT YEARS SOUGHT TO PRESSURE THE U.K. WE RECOGNIZE THAT THE DISCUSSIONS IN BRUSSELS ON THE COMMUNITY DIRECTIVE PRESENTS THE PRIMARY PRESSURE POINT ON THE BRITISH. GIVEN THEIR CURRENT ECONOMIC AND POLITICAL PROBLEMS WE SEE NO PRESENT

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REASON TO CHANGE THIS POLICY.

5. IN LIGHT OF ABOVE, WE WOULD APPRECIATE EMBASSY VIEW AS TO LEVEL AT WHICH U.K. PROCUREMENT POLICY BEING FORMULATED. FURTHER, WITHOUT SPECIAL APPROACHES, WOULD APPRECIATE EMBASSY SEEKING EVERY OPPORTUNITY TO CONVINCE SENIOR U.K. OFFICIALS THAT THEIR OWN INTERESTS WOULD BE SERVED BY GIVING MORE THAN LIP SERVICE TO WITCHELL'S AND

OTHER PRIOR U.K. REPS. OFT-QUOTED LINE QUOTE THAT U.K.
PROCUREMENT POLICY IS SOLELY FOR PURPOSES OF OBTAINING
BEST-VALUE FOR MONEY. ENQUOTE

6. FYI. RE PARA 3 OF REFTL (B). FREQUENCY OF MEETINGS
IS A FUNCTION OF READINESS OF GOVERNMENTS TO MAKE PROG-
RESS. U.S. INCLINED TO ACCELERATING MEETING SCHEDULE AS
SOON AS WE SEE DISPOSITION OF BRITISH AND OTHERS TO PRO-
CEED MORE RAPIDLY. FURTHER, THE U.S. POSITION ENVISAGES
THE POSSIBILITY OF A MORE LIMITED INSTRUMENT BUT NOT IF
THE LIMITATION IS SOLELY DIRECTED TO REMOVING SAFEGUARDS
THAT INSURE THE HONESTY OF THE SYSTEM. SURVEILLANCE
CERTAINLY FALLS IN THAT CATEGORY. END FYI. KISSINGER

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